

Aviation Security: An Update



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AIR TRANSPORT ASSOCIATION

The country was, of course, profoundly changed by the events of 9/11. The airline industry was also changed. Security requirements now under the control of the federal government, more than ever, significantly shape the economics of the industry. This fact makes it vitally important that this committee, and decision-makers at all levels of government, understand this relationship and the importance of assuring that security measures are effectively conceived and properly and economically implemented. Particularly in that context, we welcome the opportunity to appear today.

To provide a perspective on the change the industry has experienced, I would like to draw your attention to a critical but little recognized fact. That is, passenger spending on air travel on U.S. airlines remained in a tight band between 0.9 and 1 percent of U.S. gross domestic product from 1980 to 2001. Post-9/11, this dropped precipitously to less than 0.7 percent and today remains 0.18 percent below the historical average. That amounts to \$25.5 billion in “missing” passenger revenue. On top of this missing revenue, the industry is carrying between \$4 billion and \$5 billion in direct and indirect security expenses. Both of these facts changed the business – and we are all paying the price.

Obviously, these facts are also an element in the unfolding energy and economic crisis currently confronting us. As airlines adjust to the painful reality of \$4 per gallon jet fuel, we are seeing substantial reductions in air service to communities across the country. This extraordinarily difficult adjustment makes smart spending for security more critical than ever.

How do we get there? First, we believe that it would be extremely valuable for decision-makers at all levels to be guided by true risk management and analysis tools. To really prioritize security investments, we need common baseline information and we need to recognize that the tendency to jump to conclusions is not often productive. In the area of airline safety improvements, we have effectively utilized data and trend analysis to prioritize safety spending for more than a decade, with very positive results. While the application of these principles to security spending is far more complex, we believe it has real merit.

Under such an approach, every security expenditure—those undertaken directly by the federal government and those passed on to industry—should be thoroughly evaluated, not just on their individual merit but rather in relationship to the full array of risks we are facing and solutions we are seeking. A conscious and informed decision would then be required: that a specific expenditure takes priority over others.

Second, consistent with a risk management based investment policy, it is essential we ensure that security screening technology keeps pace with the evolving terrorist threat to civil aviation. One area that has suffered as a result of the intense focus on passenger and baggage screening is research and development of technology to screen air cargo. Currently, other than canines, no technology has been certified to effectively and efficiently screen cargo. We believe industry can provide valuable inputs in the evaluation and testing of technology and recommend the creation of a Security Equipment Integrated Product Team. This, along with grant programs will provide the necessary incentives for manufacturers to develop cutting edge security technology.

A third key element for improving the design and efficiency of security programs requires improved focus on data collection, sharing and management. Expanding passenger information requirements creates substantial new demands on governmental agencies, airlines and travelers. The problem is that government passenger-information requirements thus far have remained stove piped and poorly coordinated.

This is a serious situation. Given the security threats confronting civil aviation, there is no reason to believe that the government’s demands passenger-information will abate. Passenger data will be required

for the Secure Flight Program. Foreign visitors from visa-waiver nations will soon be required to submit data under the Electronic System for Travel Authorization. In addition, passenger information is currently required for the Customs and Border Protection (CBP) Advance Passenger Information System Pre-Departure program known as APIS AQQ. Moreover, foreign governments are imposing similar demands on airlines flying to their countries, including U.S. air carriers. This unmistakable international trend is most evident with the ever increasing number of countries that require APIS information but also is reflected in the Canadian requirement for access to passenger reservation information for international flights bound for Canada, including flights from the United States. Finally, the Centers for Disease control has proposed a rule that would require that airlines collect and store broad new categories of passenger contact information.

Information management is precisely where the government should be able to achieve a coherent policy. We appreciate the ongoing efforts of CBP and Transportation Security Administration (TSA) to more closely align APIS AQQ and Secure Flight data requirements. However, the continued absence of a comprehensive, governmentwide passenger-information access policy is a matter of real concern. Nor is there any indication that any element of the Federal government is inclined to assume the responsibility to develop and oversee such a comprehensive policy.

This needs to change quickly. The U.S. government must produce a uniform passenger-information collection policy that applies to all of its civil aviation security and facilitation programs. Our government should also lead an effort to create such a policy for worldwide application.

A fourth key element of improving security, under the principle of “do no harm” is to put a stop to misguided efforts. One example that comes immediately to mind is the Department of Homeland Security’s bizarre, and we believe unlawful, effort to force airlines to assume the DHS responsibility for collecting fingerprint data from departing foreign visitors. Congress has made it quite clear that federal government is responsible for the USVISIT-Air Exit Program, not the airlines. As we have also noted repeatedly, we also see no merit in devoting still more resources to a poorly conceived and unjustifiable Registered Traveler program that drains limited TSA resources yet provides no efficiencies or security benefits. We also need to be as smart as possible in implementing new programs such as 100 percent cargo screening aboard passenger aircraft and need to be extremely wary when the government decides just to pass along security responsibilities to industry.

Finally, I would be remiss in not bringing the subcommittee’s specific attention to the devastated economic condition of the airline industry. As a direct result of the current fuel price situation, we are seeing a substantial reduction in the size of the industry. Roughly 100 communities have already been advised that they will no longer have scheduled air service, more than 31,000 jobs have been eliminated and more than 700 aircraft are being removed from service. Going forward, unless fuel prices moderate, things will get worse. While not directly relevant to today’s discussion, we are actively pursuing measures to address unhealthy oil speculation while also focusing on supply and demand issues. We would ask that the subcommittee work with us on these issues and, going forward, to assure that the government plays its proper role in providing and funding aviation security and understand the limits of industry resources.

Thank you for the opportunity to appear before you today.